

University of Washington
Faculty Council on Faculty Affairs and Faculty Council on Research
Joint Meeting
April 14, 2003

Synopsis:

Proposed revisions to Intellectual Property policy – discussion

Kate O'Neill called the meeting to order at 9:32 a.m. This being the only joint meeting of the two Faculty Councils this year, there were no prior meeting minutes to approve.

Proposed Revisions to Intellectual Property - discussion

O'Neill opened the meeting with a recap of FCFA's deliberations on the proposed Intellectual Property revisions, which would revise an existing Executive Order.

The proposed revisions were circulated to Sandra Silberstein, Faculty Senate Chair, for comment. Silberstein referred the revisions to the Faculty Council on Faculty Affairs and the Faculty Council on Research. Faculty Affairs decided to let the Research Council review the proposed changes first and then consult with them, so as to take advantage of their added expertise in the Research arena.

Meanwhile, FCFA has discussed the proposed policy revisions and has identified some concerns with the following changes:

Reallocation of revenues – is this advantageous to faculty members, or not?

Reallocation of revenues – does this constitute a change to the faculty employment contract? If so, it raises Faculty Code issues.

Copyrights – will non-researchers, for example those in the Humanities who do not think of themselves as inventors, be caught unaware by the loss of rights to Web-based and software-based course materials?

Asuman Kiyak, FCR Chair, reported that FCR has studied the issue and has heard the concerns of researchers about the proposed changes. The consistent theme was concern about the proposed change to the policy on software ownership, which states that the University "*owns all software developed by University faculty and staff within the scope of their employment.*" FCR objected to this, and IPMAC wrote a memo to the President withdrawing that statement and revising two others. At its March 20 meeting, FCR voted to support the policy revisions, Kiyak said, with the changes outlined in the IPMAC memo.

Mac Parks described the specific changes included in the IPMAC memo (see appendix), and endorsed by FCR on March 20:

- **Delete language claiming University ownership of all software.** The proposed change to the policy on software ownership, which states that the University "owns all software," is not consistent with IPMAC's goals and is premature, Parks said. The President has reviewed the language and agrees it should be removed from the draft.
- **Strengthen the recognition of faculty rights and responsibilities.** The fundamental philosophy underlying the IP policy is the "default value" for all copyrights at the University; i.e., the inventor owns the copyright unless some condition exists (such as written documentation commissioning the material as work-for-hire, or the extensive use of UW property and resources to produce the copyrighted material) that mandates

University ownership.

- **Phrase the returns policy in a less provocative way.** In Section 4.d.3 Administrative Policy Statements, which describes the return of intellectual property rights to inventors in "very rare" cases (where the University does not opt to exercise patent rights), IPMAC recommends that the words "very rare" be deleted. While the Office of Technology Transfer does not like to "sit" on these rights for long periods without making a decision to patent them, there are cases where the University will opt to delay patenting but will ultimately return IP ownership to the faculty member. For example, IP rights might be retained for longer periods if the technology is related to other technologies that might be bundled together. While it is true that the University owns the intellectual property until it decides what (if anything) is to be done with it, the late return of rights (which may negate the value of an invention) has been an irritant to some faculty members.

O'Neill said that FCFA has not seen the IPMAC memo directing that the software claim be rescinded, and needs to review it. Rubel will supply a copy.

Lea Vaughn said there is a trend nationwide for universities to claim ownership of software – is this part of that trend?

Parks responded that "no university would be so foolish as to make an ownership claim on software, because it's an ambiguous term that could include everything from computer algorithms to your personal Web page." The University of Washington needs to claim ownership of software, Parks said, only when the software has been produced under a contractual obligation to a third party, OR when significant University resources were expended to produce the software, OR when Web-based Distance Learning materials for instruction are involved. IPMAC did not support the general software claim and is happy to take it out.

"If IPMAC didn't want the software policy in the document, how did it get in there?" Dan Luchtel asked. Parks responded that it was inserted during an extensive review process in which the document passed through many hands, in a turbulent administrative setting. "How do we know there aren't other things like that in here, unless we go over it?" Luchtel countered.

Rubel defended the policy revisions, which he said were developed by IPMAC in bi-weekly meetings for over a year. IPMAC, which is a standing committee of mostly faculty appointed by the president, devoted a lot of time to background research on these issues. They also consulted extensively with the Attorney General's office in crafting the policy, Rubel said. He added that he is a faculty member, is a known advocate for faculty on these matters, has chaired FCR, and has had training in the Washington State Ethics laws.

Kiyak supported Rubel's assertion that the document was largely crafted by faculty, and said she was impressed by how pro-faculty the document is. She gives a lot of credit to IPMAC and is comfortable with endorsing the document with the one change in the software policy.

Katherine Graubard asked whether the revised method of distributing royalties is really beneficial to faculty. It appears to her that some faculty would do worse financially. Mark Troll commented that all faculty would do worse financially. Graubard suggested that the planned revisions apply only to new inventions, so as not to hurt those who have been living under the current distribution system. How will this affect them?

Parks said that circumstances vary:

- If an inventor has been here a long time, his/her legal status with regard to the

distribution policies is unclear.

- If an inventor has been here 10-15 years, and has signed an assignment policy, he/she has already agreed to live by "the policies as they may be amended from time to time."
- If the inventor is a former faculty member, implementing the policy would require the faculty member's permission.

Existing distribution plans will not be affected, Parks said. However, if an invention is new, or if the inventor does not have a distribution plan, the results are unclear. Inventors who have not signed an agreement and want to stay with the existing distribution plan could probably do that.

Graubard suggested that a letter explaining these circumstances should go to each current inventor – it would be unfortunate to have someone bring a lawsuit to clarify this. Parks said a letter would be a good idea.

Troll reiterated his conclusion that most faculty will be worse off financially under the proposed system.

Rubel conceded that, under the proposed distribution system, most faculty would be a couple of thousand dollars worse off. However, Rubel said, there is no choice – he has been told that there is no computer program that can track the complexity of the present tiered-distribution system. The Office of Intellectual Property and Technology Transfer Tech (OIPTT) can no longer support the workload this tiered system requires.

Rubel added that "worse off" is a relative term – most researchers will see themselves as better off, because they can turn their money back into their research and the University will match it under the proposed system. This is a major beneficial change in IP policy, said Rubel, and is a benefit no other university has.

Leah Ceccarelli commented the new distribution system seems analogous to a flat tax – it makes a change from a complex system to a simple one, but people with small incomes get hurt. "FCFA is trying to increase faculty income," said Ceccarelli, "but this revision decreases faculty income."

Parks said IPMAC's primary goal in drafting the revisions was to simplify and balance the distribution model. With the advent of licensing, which involves bundling multiple inventions by multiple inventors, it becomes impossible to properly administer the revenues and that's not in the faculty's best interests, he added. Vaughn asked who is on IPMAC – Parks mentioned Leroy Searle (English), Mike Townsend (Law), Stuart Sutton (iSchool), and Andy Gordon (Evans School) in addition to himself and Ed Rubel (Otolaryngology).

Sam Dworkin asked Parks to explain what the impact of the proposed revisions will be to Humanities faculty. Parks said Humanities faculty produce mostly books, which are a much smaller category. Most scholarly works are "off the table," meaning that they are not considered by OIPTT. Again, however, if the work is a deliverable under a third party contract, or makes extensive use of University resources, or arises from – for example - an NIH grant to develop genomic software, it would be considered for assignment by OIPTT.

Vaughn suggested that the final draft of the policy should include examples and possible scenarios of works that would be subject to assignment to OIPTT. "If you buy me a laptop to work on, and give me a month of summer salary to do a significant scholarly work, does that qualify as extensive University resources?" Vaughn asked. Kiyak commented faculty are supposed to do their work on University computers, so she did not think that would qualify.

Rubel said that no amount of scenarios could be included to cover all the possible circumstances. In addition, Rubel said, IPMAC reaffirmed faculty ownership of copyright EXCEPT in unusual circumstances. A few unusual circumstances are named, he added, but the default is faculty ownership of copyright. Parks agreed, and said that the circumstances are so diverse that including any listing "will get you into more trouble than it will get you out of."

O'Neill and Ceccarelli both voiced their concerns that faculty members will be several thousand dollars poorer, because the current tiered system in OIPTT is said to be too difficult to administer. Rubel asserted that the system is impossible to administer. O'Neill surmised that faculty members will say "Find a way to maintain the distributions I'm getting."

Parks said that the revisions are prospective - no one now getting distributions will see a change. Catherine Booth said it was her understanding that the revisions only affect people who assign inventions from this time forward - she believes no one is having money taken away.

"But if the small inventor will be getting nothing in the future, where is the collective good?" O'Neill asked.

Rubel responded that the small inventor running a small lab wants the lab to be bigger, and would much rather have \$40,000 plugged back into the lab than get a one-time boost of \$2000 to salary. Rubel said the revised policy is controlled by inventors, and benefits inventors through the waiver match program - this is a wonderful idea, he added, and most people he's talked to who run labs think the same thing.

Parks made a recommendation that a letter should go out that:

- Pins down the rights of faculty under this policy
- Stresses that the policy does not affect existing distributions
- Makes it clear that the changes in royalty distribution are prospective

"As for everyone benefiting," Parks added, "no, some won't. I will not defend this on the basis that everyone will be benefited. Sometimes we have to work together to benefit the institution."

Carol Green commented that, throughout the document, a revision is made that strikes the word "inventions" and substitutes the word "technology." Technology is vague, Green said, and could incorporate a lot of things. What does technology mean? Troll suggested using the term "intellectual property" instead of "technology" - Parks said he can't think of a reason not to do that.

Vaughn said that Parks had referred to three important changes in the policy. The discussion has covered only two major changes - what is the third? Parks replied that the third major change is the reallocation of royalty funds from the central administration to the schools and colleges. The central administration does less well, and there is a wholesale shift in which more than 60% of the royalty monies go to schools and colleges.

O'Neill asked whether that includes the 20% off the top for OIPTT operations. Rubel said the deduction for operating costs is virtually the same - the previous split was a 15% deduction for copyrights and 24% for patents. It is now a 20% deduction overall. And the waiver match policy has been added, so money being generated in the College of Arts and Sciences will belong to the Dean of Arts and Sciences.

Parks referred to the Bayh/Dole Act of 1980, which mandates that universities keep control of their inventions, but must use the royalties from those inventions for further research. Graubard wanted to know the effect on the Royalty Research Fund - Rubel said this change will keep the RRF solvent and build it up.

O'Neill thanked Parks, Rubel, Kiyak, and the FCR membership for their work in assessing this proposal. Kiyak will forward a letter to Silberstein with FCR's recommendations. Rubel will supply O'Neill with a copy of the IPMAC memo to President Huntsman. FCFA, said O'Neill, will consider today's discussion at their next meeting and will report their conclusions to Silberstein.

The meeting was adjourned at 11:07. *Minutes by Linda Fullerton, Recorder.*

Present:

Council members, including ex officio:

Asuman Kiyak, FCR Chair

Kate O'Neill, FCFA Chair

Robert Blumenthal, FCR

Cathryn Booth, FCR

Lea Ceccarelli, FCFA

Sam Dworkin, FCR

Katherine Graubard, FCFA

Carol Green, FCFA

Jack Hildebrandt, FCFA

Melissa Johnson, FCFA

Barbara Krieger-Brockett, FCFA

Dan Luchtel, FCFA

Malcolm "Mac" Parks, FCR & IPMAC

Lea Vaughn, FCFA

Daniel Vogt, FCR

Mehmet Sarikaya, FCR

Brent Stewart, FCR

Mark Troll, FCR

Guest:

Ed Rubel, IPMAC